Message Text

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PASS TREASURY FOR UNDER SECRETARY BENNETT; DEPARTMENT FOR ENDERS AND HARTMAN

E.O. 11652: GDS TAGS: EFIN, OECD

SUBJECT: POSSIBLE FINANCE MINISTERS MEETING TO SIGN

FINANCIAL SUPPORT AGREEMENT

REF: A) STATE 53939, B) OECD PARIS 6115

1. SUMMARY. DELEGATIONS TO OECD INDICATE VIRTUALLY ALL COUNTRIES EXCEPT FRANCE AGREE TO SCHEDULING SIGNING OF SUPPORT FUND AGREEMENT BY FINANCE MINISTERS ON APRIL 8, WITH U.K. NOW INDICATING HEALY COULD COME. FRENCH CONTINUE TO REJECT THIS DATE. VAN LENNEP SUGGESTED INFORMAL CONSULTATIONS TAKE PLACE WHICH WOULD HOPEFULLY ENABLE FRENCH TO JOIN POSITION STRONGLY PREFERRED BY OTHERS. FRENCH HIGH-LEVEL OFFICIALS C(CHIRAC) REPORTEDLY EMOTIONAL ON ISSUE; SUSPICIOUS THAT US MOTIVE IS TO UNDERMINE P/C PREPCON. HIGH-LEVEL BILATERAL APPROACHES TO GOF MAY BE REQUIRED. QUESTION WILL PROBABLY BE DISCUSSED AGAIN AT OECD ON MARCH 18. END SUMMARY.

- 2. DURING HEADS OF DELEGATIONS MEETING MARCH 13, VAN LENNEP INDICATED CONSULTATIONS WITH DELEGATIONS HAD SHOWN VIRTUALLY NO SUPPORT FOR DATE ALTERNATIVE TO APRIL 8 FOR SIGNING SUPPORT FUND AGREEMENT. HE EXPRESSED HOPE FRENCH COULD WITHDRAW THEIR "RESERVATION" AND THAT AGREEMENT COULD BE SIGNED ON DATE WHICH LARGE NUMBER OF MINISTERS COULD ATTEND AND WHICH MINISTERS FROM OVERSEAS COUNTRIES HAVE PARTICULAR DIFFICULTIES IN CHANGING.
- 3. EXCEPT FOR SWITZERLAND, WHICH INDICATED UNDER-STANDING FOR FRENCH POSITION AND THEREFORE READINESS TO CONSIDER ALTERNATIVE DATES, ALL SPEAKERS OTHER THAN FRENCH VOICED READINESS TO HAVE SIGNATURE TAKE PLACE ON APRIL 8. BELGIAN DELEGATE SUGGESTED CONFIDENTIAL

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SCENARIO WHICH WOULD INCLUDE SUBMISSION OF A BRIEF SUMMARY REPORT ON NATURE OF SUPPORT FUND AGREEMENT FROM VAN YPERSELE GROUP, FOLLOWED BY DISCUSSION OF THIS REPORT AND ENDING WITH SIGNATURE OF AGREEMENT. (BELGIANS DID NOT HOWEVER MENTION POSSIBILITY OF INVITING MINISTERS TO BRUSSELS, WHICH WE UNDERSTOOD THEY HAVE BEEN CONSIDERING UNOFFICIALLY.)

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TRSE-00 CIEP-01 LAB-04 SIL-01 OMB-01 PA-01 PRS-01
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- 4. U.K. DELEGATE STATED THAT WHILE CHANCELLOR HEALEY HAD PREVIOUSLY INDICATED THAT HE WOULD BE UNABLE TO BE PRESENT, HE HAS NOW REVIEWED HIS SCHEDULE IN THE LIGHT OF THE IMPORTANCE OF THE SUPPORT FUND AGREEMENT. ACCORDINGLY, HEALEY NOW PREPARED TO COME ON THE UNDERSTANDING THAT HE WILL BE JOINED BY A LARGE GROUP OF HIS COLLEAGUES. HEALEY'S STRONG PREFERENCE IS APRIL THE 8TH AND HE CAN MAKE NO COMMITMENTS ABOUT LATER DATES. AMBASSADOR TURNER MADE STATEMENT DRAWING ON REFERENCE A). NO OTHER DELEGATE COMMENTED ON U.S. SUGGESTION OF POSSIBILITY THAT SIGNATURE TAKE PLACE OUTSIDE OF PARIS.
- 5. FRENCH STATED THEIR INSTRUCTIONS UNCHANGED AND RATHER THAN MERELY "RESERVING" THEY "REJECT"DATE OF APRIL 8. THEY INDICATED THAT FOURCADE WOULD BE AVAILABLE ON APRIL 17 (ALREADY MENTIONED EARLIER) AS WELL AS ON APRIL 24, 25, AND 29. AT THE END OF THE DISCUSSION THE FRENCH MERELY SAID THEY WOULD REPORT THE VIEWS OF OTHER DELEGATIONS TO THEIR AUTHORITIES.
- 6. VAN LENNEP SUMMED UP DISCUSSION INDICATING THAT THERE WAS LARGE-SCALE SUPPORT FOR HAVING SIGNATURE OF SUPPORT FUND AGREEMENT ON APRIL 8. HE CLARIFIED THAT WHILE COUNCIL AT LEVEL OF PERMREPS WOULD TAKE DECISION RELATED TO SUPPORT FUND AGREEMENT, SIGNATURE OF AGREEMENT ITSELF BY MINISTERS WOULD BE AN INTER-GOVERNMENTAL ACTION WHICH WOULD TAKE PLACE OUTSIDE OF OECD FRAMEWORK. THEREFORE, IN SIGNING, MINISTERS WOULD NOT MEET EITHER AS COUNCIL OR AS GOVERNING COMMITTEE OF SUPPORT FUND. OECD NEEDED TO COORDINATE ITS DECISIONS WITH DATE OF MINISTERIAL SIGNING AND HAD INTEREST IN SEEING THAT AGREEMENT SIGNED, AS WELL AS IN FACILITATING MEETING OF MINISTERS. IT WAS, HOWEVER, NOT REALLY UP TO OECD COUNCIL TO DETERMINE DATE FOR SIGNING OF SUPPORT FUND AGREEMENT. CONFIDENTIAL

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7. IN CONCLUSION, VAN LENNEP REEMPHASIZED IMPORTANCE AND URGENCY OF SETTING DATE FOR SIGNATURE OF SUPPORT FUND AGREEMENT AND EXPRESSD HOPE THAT INFORMAL CONTACTS AMONG GOVERNMENTS WILL MAKE IT POSSIBLE TO FIND A SOLUTION WHICH WILL ENABLE FRENCH TO JOIN DATE WHICH OTHER FOUND ACCEPTABLE. VAN LENNEP INDICATED WOULD PROBABLY RETURN TO THIS SUBJECT AT COUNCIL OR HEADS OF DELEGATIONS MEETINGS MARCH 18.

8. SINCE HEADS OF DELEGATION MEETING. VAN LENNEP HAS INFORMED US OF CONVERSATION HE HAD THAT DAY WITH ELYSEE DIRECTOR GENERAL BROSSOLETTE IN WHICH BROSSO-LETTE INDICATED THAT FRENCH OPPOSITION TO APRIL 8 MEETING IS INDEED STIFF AND HIGHLY EMOTIONAL. BROSSO-LETTE TOLD VAN LENNEP THAT P.M. CHIRAC HAD BLOWN-UP OVER THIS MATTER IN CABINET MEETING, CHARGING THAT PROPOSED MEETING WAS "AMERICAN PLOT" TO UNDERMINE PRODUCER/CONSUMER PREPCON. BROSSOLETTE SAID THAT GISCARD WAS ALSO STRONGLY OPPOSED TO MEETING, PARTLY AS RESULT OF CHIRAC'S EMOTIONAL OPPOSITION. VAN LENNEP ATTEMPTED TO DISABUSE BROSSOLETTE OF HIS IDEA THIS IDEA, POINTING OUT THAT PROPOSED MEETING WAS SECRETARIAT INITIATIVE SPARKED BY INTEREST OF SEVERAL FINANCE MINISTERS, INCLUDING FRENCH, AND THAT FINANCE MINISTERS OF GERMANY, JAPAN AND UK HAD ACCEPTED PRO-POSED DATE IN FULL AWARENESS OF FRENCH OPPOSITION. BROSSOLETTE SEEMED UNAWARE OF ABOVE BACKGROUND AND WAS VERY VAGUE ON NATURE OF FINANCIAL SUPPORT FUND AND PROPOSED SIGNING CEREMONY.

9. WE HAVE RECEIVED HINTS FROM VAN LENNEP AND FRENCH PERMREP VALERY THAT DIRECT CONTACT WITH FRENCH AT HIGH LEVEL MIGHT BE USEFUL IN MODIFYING -- OR AT LEAST REDUCING EMOTIONAL CONTENT OF -- FRENCH POSITION. WHILE EMBASSY ECON MINISTER IS ATTEMPTING TO CLARIFY FACTS IN HIS CONTACTS WITH FRENCH OFFICIALS, WE BELIEVE THAT HIGHER LEVEL BILATERAL CONTACTS MAY BE THE ONLY WAY TO INDUCE FRENCH TO BACK OFF FROM THEIR POSITION. IT MIGHT ALSO BE HELPFUL IF GERMANS WERE INDUCED TO APPROACH FRENCH SINCE IT WAS APEL WHO INITIATED STRONG PUSH FOR CONFIDENTIAL

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SIGNING AT MINISTERIAL LEVEL. (IT WILL BE RECALLED THAT FOURCADE WAS ALSO INITIALLY IN FAVOR OF MINISTERIAL SIGNING AND, IN FACT, SUGGESTED APRIL 8 DATE) UNLESS FRENCH ARE INDUCED TO BACK AWAY FROM THEIR POSITION WE DO NOT SEE HOW MINISTERIAL SIGNING SESSION (WHICH IS TECHNICALLY NOT REPEAT NOT OECD FUNCTION) CAN TAKE PLACE IN PARIS OVER FRENCH OPPOSITION. WE HAVE NO

INDICATIONS HERE WHETHER OTHER GOVERNMENTS WOULD BE PREPARED TO PURSUE SERIOUSLY OPTION OF SIGNATURE IN ANOTHER CITY, IF FRENCH REFUSE TO GO ALONG
WITH THIS FORMULA, THUS RISKING OPEN BREAK WITH FRENCH
ON OCCASION OF LAUNCHING SOLIDARITY FUND AND FIRST
MULTILATERAL MEETING WITH PRODUCERS. ONLY OTHER
OPTION APPEARS TO BE SIGNATURE AT LOWER LEVEL ON DATE
ACCEPTABLE TO FRENCH OR MINISTEIAL SIGNING AT
PRESUMABLY CONSIDERABLY LATER DATE WHEN MAJOR FINANCE
MINISTERS ARE AVAILABLE. THIS MIGHT BE NO EARLIER THAN
ANNUAL OECD COUNCIL MINISTERIAL LATE MAY, AS SOME
PERMREPS HAVE POINTED OUT.

10. DEPARTMENT MAY CONSIDER REPEATING THIS MESSAGE TO SECRETARY. ANY FURTHER COMMENTS ON U.S. POSITION WOULD BE HELPFUL FOR US TO HAVE AT LATEST BY MARCH 18. TURNER

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